
Portfolio Manager comment Coeli High Yield Opportunities R SEK April 2025

This is a marketing communication.

Before making any final investment decisions, please read the prospectus, its Annual Report, and the KID of the relevant Sub-Fund [here](#). Note that the information below describes the share class (R SEK), which is a share class reserved for private investors. Investments in other share classes generally have other conditions regarding, among other things, fees, which affects the share class return. The information below regarding returns therefore differs from the returns in other share classes.

Coeli High Yield Opportunities (Class R) (formerly Nordic Corporate Bond Fund) retraced by 2.15% during April. Since year-end, the NAV per share has consequently declined by 1.18 %. April turned out to be a volatile month with large price swings for risky assets. At the beginning of the month, the White House announced extensive tariffs against the rest of the world. The size and scope of the tariffs were worse than feared, which sent the prices of stocks and corporate bonds sharply lower. A week later it was announced that the introduction of most tariffs was to be paused for a period of 90 days, with China as the largest exception, and exemptions were granted for certain goods, including pharmaceuticals. However, the fortuitous messages were interpreted by the market as the administration taking market movements into account, and by the end of the month equity markets had recouped most of the decline. Despite the market recovery, the pause does little to alleviate the underlying economic risks. Uncertainty surrounding the tariffs remains, which weighs on investment and employment, and thus increases the risk of an economic slowdown and ultimately a recession.

During the month, the US dollar fell in value while long-term government bond yields in the US rose slightly. With the stock market correction seen at the beginning of the month, the expected movement for the dollar was the opposite as it has historically been seen as a safe haven. The market movements have therefore been interpreted by some analysts as a distrust of American economic policy. In addition to starting a global trade conflict, Trump's sweeping criticism of the Federal Reserve and suggestions that its chairman should be removed from his post drew much attention. This led to concerns about the independence of the US central bank.

Indicators on the economic outlook generally weakened during the month. For example, consumers' expectations for the future are at a 13-year low in the US while the confidence indicator for Swedish households fell for the fifth month in a row and the mood is now significantly more negative than normal.

In the Nordic high yield bond market, the weeks around Easter were turbulent as several funds reportedly had relatively large outflows due to rising volatility. Relatively large outflows also affected Coeli High Yield Opportunities, which resulted in unusually high trading volume in the secondary market. Credit spreads for Nordic high yield rose sharply, but in a controlled manner, during the month, resulting in negative returns from more or less all holdings. Falling market interest rates in the Eurozone and Sweden eased the pain for fixed-rate bonds somewhat, but not to a sufficient extent to make a major impact.

The biggest negative impact on the result came from Bayport, whose bonds fell relatively sharply after the company released its quarterly report at the end of March. Bayport continues to show falling interest margins while credit losses increased at the end of last year. The situation is challenging to say the least, but after renegotiating the bond terms last summer, the company at least bought itself time. Bonds from Floatel also fell in value as oil prices fell, the company released a trading update stating a negative operating profit in the seasonally weak first quarter.

With increased uncertainty around global trade and the risk of a global economic slowdown, the fund's exposure to shipping companies was reduced, with e.g. MPC Container leaving the portfolio. Related issuer McGregor, which equips ships with cranes and cargo handling equipment, was also divested. In addition, a handful of other holdings were sold, resulting in a more concentrated portfolio with less cyclical earnings.

Date Created

2025/05/07